



## PRESS RELEASE

FOR IMMEDIATE RELEASE

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### **GFG sets out global plans to adjust to post-COVID-19 economy**

The COVID-19 pandemic has had a significant, lasting impact on the economies of the countries in which GFG Alliance operates. The alliance today sets out both an accelerated investment programme and a productivity drive globally, targeting up to 30% overall efficiency gains, to adapt its businesses to the post-pandemic environment.

GFG Alliance reaffirms its commitment to develop environmentally sustainable GREENSTEEL, GREENALUMINIUM and to progress towards carbon neutrality, as a group, by 2030. The pandemic has underlined the need to modernise plants to make them more flexible and efficient, which goes hand in hand with investment in low-carbon technology for us.

As part of the group's CN30 (carbon neutral by 2030) programme, the following investment plans are being prioritised across our three primary steel operations, for delivery over the next 3-5 years:

- A direct reduced iron facility and two electric arc furnaces at LIBERTY Steel Galati in Romania, supported by the country's Government, the national gas company, research and educational institutions
- Europe's first hybrid furnace, blending electric arc and blast furnace steelmaking, at LIBERTY Steel Ostrava in the Czech Republic, allowing the business to use higher volumes of local steel scrap and emit less carbon dioxide
- Transformation of the Whyalla steelworks in Australia through a transition away from its blast furnace in due course, by investment in an electric arc furnace, a direct reduced iron facility and a new state-of-the-art rolling mill

ALVANCE Aluminium and SIMEC Energy will announce updates on their investment plans separately.

In addition to accelerating the CN30 investment program, and in order to put our businesses on a firm economic footing, GFG is implementing an immediate global efficiency drive to help adjust to a new market environment.

As a result of the COVID-19 pandemic, demand from steel consuming sectors in certain regions has dropped by between 20% and 40% - an impact which is likely to continue for 12 to 18 months, compounding an already challenging market. The market for aluminium globally has been impacted, too, with inventories climbing.

GFG aims to deliver up to 30% in overall efficiency gains through the following steps:

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#### **GFG Alliance**

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- **Overhead optimisation:** A comprehensive review of corporate overheads is underway with a view to reducing costs and enshrining new working practices. This will include reviewing office space usage, implementing greater use of digital tools, reviewing travel policies and introducing flexible working.
- **Efficiency and productivity programs:** Many GFG businesses have already put continuous improvement programs in place, seeking multiple detailed initiatives to increase yields and improve operational performance. Dedicated review teams will be set up, supervised directly by senior management including Executive Chairman Sanjeev Gupta to optimise operations globally based on new market conditions.
- **Headcount reduction:** GFG Alliance businesses are adjusting to lower levels of demand. With regret, this will mean we cannot avoid a reduction in roles in certain locations. We will explore and exhaust all options to minimise the impact on our people, including natural attrition and redeployment with support from GFG Workforce Solutions.

Sanjeev Gupta, Executive Chairman, GFG Alliance, said: “The COVID-19 pandemic has impacted every one of the 35,000 people who work across our businesses. The crisis has prompted us to think differently about how our businesses are organised, how we will work in the future and how we best allocate our resources.

“We have a very ambitious investment programme to achieve our GREENSTEEL, GREENALUMINIUM and carbon neutral ambitions, but there will be difficult decisions in the short term as we seek to make efficiency gains to respond to the challenged market conditions brought about by this crisis. I deeply regret that this will necessitate a reduction in roles in certain cases.

“While our primary focus will be on operational improvements and overhead optimisation, where we are forced to make reductions in roles, we will consult closely with employees, and will do everything possible to mitigate the impact. Through our Workforce Solutions initiative, we will strive to provide every blue collar worker impacted with an employment offer as an alternative to voluntary redundancy.”

“I am determined that the steps we take now will make us an even stronger group. Our focus on sustainable steel, aluminium and metals production, and on developing sources of renewable energy, is stronger than ever.”

GFG Alliance sites will begin implementing local plans over the next three months.

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**Notes to editors:**

*GFG Alliance is a collection of global businesses and investments owned by Sanjeev Gupta and his family. The Alliance is structured into three core industrial pillars; LIBERTY Steel Group, ALVANCE Aluminium Group and SIMEC Energy Group, independent of each other yet united through shared values and a purpose to create a sustainable future for industry and society. GFG Alliance employs 35,000 people, across 10 countries and has revenues of USD \$20bn. GFG Alliance is a leader in sustainable industry with a mission to become Carbon Neutral by 2030 (CN30).*

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